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Report Highlights:

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Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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EXPHOTEL U.S. PAVILION SHOW RESULTS

For the fifth consecutive year, ATO Mexico City organized a U.S. Pavilion at Exphotel in June 2002 with 32 U.S. companies exhibiting. Exphotel is the Mexican Caribbean Market's primary hotel and restaurant industry trade show. Recently released results indicate that 12 month projected sales of products for the exhibiting U.S. firms are \$2.5 million and over 300 good contacts were made, including key buyers and distributors. (Source: ATO Mexico City)

MEXICO ANNOUNCES A FINAL RESOLUTION ON THE ANTIDUMPING INVESTIGATION ON U.S. APPLES

On August 12, 2002, Mexico's Secretariat of Economy (SE) announced in the *Diario Oficial* (Federal Register) the final conclusion of the official anti-dumping investigation against U.S. Red and Golden Delicious imported apples. As a part of its conclusion, SE announced an imposition of final duties of 46.58 percent to U.S. Red and Golden Delicious imported apples. According to the investigation, SE found evidence that the domestic apple industry had suffered damages as a consequence of an important increase in imported U.S. apples that were sold in the Mexican market at discriminatory (i.e., dumping) prices during the period of investigation (January-June 1996). This compensatory duty is in addition to and independent of, the NAFTA safeguard duty on apples (H.S. 0808.10.01), which is 2 percent in-quota and 20 percent out-of-quota. For further information see MX 2111. (Source: FAS/Mexico, 8/14/02)

VERIFICATION-INSPECTION POINTS READY IN NUEVO LAREDO & COLOMBIA

The deadline of October 12, 2002, for all poultry and meat verification-inspection points (VIPS) to be located on the Mexican side of the US-Mexican border is fast approaching. Fortunately, the number one crossing point for U.S. meat and poultry exports to Mexico, Nuevo Laredo/Colombia, appears to be ready for the changeover. As of August 9, 2002, there are five VIPS in various stages of construction, of which one is already open for business. Two others are finished and are expected to be staffed with SAGARPA (Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food) inspectors in time for the October 12, 2002, deadline, while construction on the remaining two is not expected to be finished until November and December 2002, respectively. The three VIPS that will be ready have a combined 73 "doors" (i.e., slots for trailers to unload) between them, which is 8 more than the 65 doors that are currently operating out of the seven VIPS located on the U.S. side of the border. Come October 12, 2002, U.S. exporters of poultry and meat products crossing their

product through Nuevo Laredo and Colombia should not experience many bottlenecks or back-ups. (Source: ATO, Monterrey)

MEXICO'S PORK PRODUCERS' ORGANIZATIONS PLANNING HONEYMOON

After almost ten years of separation, the two main Mexican pork producers' organizations, *Consejo Mexicano de Porcicultores* (CMP) and *Comision Nacional de Porcicultores* (CONAPOR), are finally getting together to put on the annual *Encuentro Nacional de Porcicultura* (National Pork Producers Encounter). This magnum event is a done deal and will take place September 4-7, 2002, in Puerto Vallarta, Mexico. The presidents of the two organizations, Carlos Ramayo of CMP and Vicente Garcia of CONAPOR, are expected to announce the long-awaited fusion of both organizations into one during the event. The probable name of the new organization will be "*Porcicultores Mexicanos*." (Source: *Desarrollo Porcicola*, May-June, 2002)

HAVE ANOTHER CUP OF COFFEE

According to a local agriculture publication, the president of the Mexican Coffee Council (CMC), Roberto Giesmann, said that in order for Mexico to resolve the current coffee crisis, there are two options that Mexico should consider: a) promote internal consumption, because if each person over the age of 15 drank one cup of coffee per day, consumption would equal approximately 80 percent of production; and b) target exports to the specialty or niche markets where demand is for specific qualities, thus allowing Mexico to avoid the depressed prices of the New York Coffee and Cocoa Exchange. Either of these two mentioned options would benefit 340,000 coffee producers in Mexico and over three million other persons who directly or indirectly depend on coffee for their livelihoods. (Source: *El Mercado Agropecuario*, July 22, 2002)

MEXICAN SUGAR CHAMBER TURNS ITS VENGEANCE ON U.S. POLICY

In a recent interview with *El Norte*, Jose Menchaca del Guante, President of Mexico's National Chamber of Sugar and Alcohol (CNIAA), stated the chamber's intention to defend to the utmost its rights to export sugar to the U.S. market in 2003. Mr. Menchaca was specifically interested in exports that would enter the U.S. market via second tier duties, which will be US\$17.65 per kilo in 2003. The Mexican sugar industry has been pushing for greater access to the U.S. sugar market since the implementation of the North American Free Trade Agreement (NAFTA). This past July, the U.S. Government increased to 275,000 tons the quantity of sugar that Mexico can export duty free in 2003. Mr. Menchaca said that the 275,000 tons will only go a short way in addressing the market access sought by the Mexican industry. (Source: *El Norte*, August 12-13, 2002)

MEXICAN FARMERS OPPOSE CARGILL'S PURCHASE OF GRAIN FACILITY

Mexican farmers from seven states demanded that President Fox stop Cargill's ongoing negotiations to purchase the operating concessions of the Miguel Aleman Silo (SMA) and Terminal Granelera Veracruz (TGV), both of which are located in the state of Vera Cruz. The

demonstrators, who were from the National Association of Farm Businesses (ANEC), were protesting because they fear that through this purchase Cargill will be able to monopolize Mexico's grain market. ANEC says that if Cargill succeeds in buying the concession, it will be well positioned to make key decisions on grain imports at a national level, thus eliminating trade and commercial capabilities of smaller agents. (Source: *El Financiero*, 8/15/02)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

REPORT #	TITLE	DATE
MX2110	Weekly Highlights & Hot Bites, Issue #25	8/9/02
MX2111	Mexico Announces Final Resolution on the Antidumping Investigation on U.S. Apples	8/14/02

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